

University Bancorp creating subsidiary to offer Muslim-friendly mortgages

By [Tom Henderson](#)

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Ann Arbor-based **University Bancorp** on Friday plans to announce that it has formed a subsidiary to concentrate on the needs of prospective Muslim home-buyers.

University Islamic Financial Corp. has been funded with \$15.6 million in shareholder equity. In connection with the formation of the subsidiary, University Bancorp (Nasdaq: UNIB) sold 20 percent of the common stock of the new entity for \$3 million to **Virtue Investors L.L.C.** of Grand Rapids.

“This transaction (puts) us on an accelerated growth curve,” said Stephen Lange Ranzini, the bank’s chairman and CEO. He said \$1.5 million was received Friday, and the remainder is due by Feb. 15.

University Bancorp is the holding company for **University Bank**.

The bank has been a pioneer in structuring mortgage alternatives for Muslims that don’t violate their religion’s prohibitions against either receiving or paying interest.